

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA

AMEMBASSY MANAGUA

AMEMBASSY GUATEMALA

C O N F I D E N T I A L STATE 186637

FOLLOWING REPEAT STATE 186637 ACTION PANAMA INFO SAN JOSE QUITO
TEGUCIGALPA 24 AUG

QUOTE

C O N F I D E N T I A L STATE 186637

E.O. 11652: GDS

TAGS: ETRD, PN

SUBJECT: BANANA TAX DISPUTE WITH UNITED BRANDS

REF: JORDEN-BOWDLER TELECON OF AUGUST 23

FOR AMBASSADOR JORDEN FROM BOWDLER

1. THIS MESSAGE IS TO CONFIRM OUR CONVERSATION VIA
SECURE PHONE AFTERNOON AUGUST 23 CONCERNING TELEPHONE
DISCUSSIONS WITH AMBASSADOR GONZALEZ-REVILLA ON THE
BANANA TAX QUESTION.

2. GONZALEZ-REVILLA SAID THAT HE WAS CALLING UNDER
INSTRUCTIONS TO INFORM THE DEPARTMENT OF THE BREAKDOWN IN
THE NEGOTIATIONS WITH UNITED BRANDS OVER THE BANANA TAX
ISSUE. HE SAID THAT UNITED HAD TAKEN AN INFLEXIBLE
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POSITION WHICH EFFECTIVELY MADE CONTINUATION OF THE

NEGOTIATIONS A FUTILE EXERCISE.

3. IN RESPONSE TO MY QUESTION AS TO WHAT HAPPENED IN THE NEGOTIATIONS TO LEAD THE GOP TO THIS CONCLUSION, GONZALEZ-REVILLA REPLIED THAT HE WAS NOT FULLY INFORMED OF THE DETAILS. HE WAS UNDER THE IMPRESSION THAT THE UNITED NEGOTIATORS LACKED AUTHORITY. FURTHERMORE, DIFFERENT UNITED NEGOTIATORS SAY DIFFERENT THINGS LEADING TO GREAT CONFUSION REGARDING THE COMPANY'S INTENTIONS.

AS A RESULT THE GOP BELIEVES THAT THE COMPANY IS FOLLOWING A STRATEGY OF DELIBERATE DELAY IN ORDER TO GAIN TIME AND INCREASE THE PRESSURE ON THE PANAMANIAN GOVERNMENT.

4. IN THE FACE OF A DETERIORATING POLITICAL SITUATION, WHICH GONZALEZ-REVILLA DESCRIBED AS "INCREASINGLY EXPLOSIVE," THE GOP HAD REACHED THE CONCLUSION THAT IT HAD NO ALTERNATIVE BUT TO NOTIFY THE COMPANY THAT IT WOULD BE TAKING LEGAL ACTION AGAINST IT. GONZALEZ-REVILLA STATED THAT HIS GOVERNMENT HAD DEVELOPED A PLAN WHICH IT INTENDED TO PUT INTO EFFECT NEXT WEEK. IN CONNECTION WITH THIS PLAN HIS GOVERNMENT WOULD LIKE THE DEPARTMENT TO SEND SOMEONE TO PANAMA TO TALK TO GOP OFFICIALS AND TO OBSERVE IMPLEMENTATION OF THE PLAN SO THAT WASHINGTON WOULD HAVE FULL AND ACCURATE INFORMATION ON GOP INTENTIONS AND ACTIONS.

5. I ASKED GONZALEZ-REVILLA WHAT LEGAL ACTION AND WHAT STEPS ARE BEING CONTEMPLATED. SPECIFICALLY, I INQUIRED WHETHER NATIONALIZATION WAS INVOLVED. HE DISCLAIMED KNOWLEDGE OF ANY DETAILS, SAYING THAT IT WAS OF UTMOST IMPORTANCE TO CONTINUE BANANA PRODUCTION AND IF INTERVENTION WERE NECESSARY TO ACCOMPLISH THIS, HIS GOVERNMENT WAS PREPARED TO TAKE SUCH A STEP. HE ADDED IN A SEMI-JOCULAR TONE THAT "YOU KNOW HOW IT IS: ONCE IN, IT IS HARD TO GET OUT."

6. WITH RESPECT TO THE REQUEST FOR A SPECIAL REPRESENTATIVE FROM WASHINGTON, WHICH HE REFERRED TO THREE TIMES

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DURING THE COURSE OF OUR CONVERSATION, I TOLD HIM THAT WE HAD A VERY ABLE AMBASSADOR AND STAFF IN PANAMA WHO FOLLOWED DEVELOPMENTS CLOSELY AND I SAW NO NEED FOR SENDING ANYBODY ELSE. WITH RESPECT TO HIS REMARK ABOUT INTERVENTION I INQUIRED WHAT THEY PLANNED TO DO WITH THE BANANA PRODUCTION. HE REPLIED THAT HE DID NOT KNOW BUT ASSUMED THAT HIS GOVERNMENT WOULD NOT HAVE DECIDED TO TAKE SUCH A STEP WITHOUT FIRST MAKING ARRANGEMENTS

FOR SHIPPING AND MARKETING.

7. I EXPRESSED SURPRISE OVER THE SUDDEN TURN OF EVENTS, POINTING OUT THAT IN CONVERSATIONS LAST WEEK BY DEPARTMENT OFFICERS WITH UNITED OFFICIALS AND MINISTER BARLETTA, WE WERE ENCOURAGED TO THINK THAT A BASIS FOR NEGOTIATION MIGHT BE FOUND IN THE TALKS THIS WEEK. WE ARE VERY MUCH INTERESTED IN KNOWING EXACTLY WHAT HAPPENED IN THESE TALKS AND WE WOULD ASK OUR EMBASSY FOR A FULL REPORT.

8. BEFORE ENDING THE CONVERSATION I WENT BACK TO HIS STATEMENT ABOUT THE PLAN WHICH WOULD BE PUT INTO EFFECT NEXT WEEK. I ASKED WHETHER A FIRM DECISION HAD ALREADY BEEN TAKEN WITH REGARD TO THE PLAN OR WHETHER IT WAS STILL UNDER CONSIDERATION. GONZALEZ-REVILLA REPLIED THAT IT WAS HIS IMPRESSION THAT THE DECISION HAD BEEN MADE BUT THAT IN ALL NEGOTIATING SITUATIONS THIS WAS, OF COURSE, SUBJECT TO CHANGE IF TALKS WERE TO BE RENEWED. WHEN HE AGAIN BROUGHT UP THE SUBJECT OF SENDING SOMEONE FROM WASHINGTON TO PANAMA, I REPLIED THAT I SAW NO NEED FOR SUCH ACTION IN VIEW OF AMBASSADOR JORDEN'S ABILITY TO KEEP US INFORMED OF DEVELOPMENTS IN PANAMA AS LONG AS ALL CONCERNED WERE CANDID IN DISCUSSING THESE MATTERS WITH HIM AND HIS STAFF.

9. WE WOULD APPRECIATE ANY INFORMATION YOU CAN OBTAIN ON WHAT HAPPENED IN THE LAST ROUND OF THE UB-GOP TALKS, YOUR ESTIMATE OF GOP INTENTIONS, AND WHAT MAY LIE BEHIND THE GONZALEZ-REVILLA APPROACH TO THE DEPARTMENT. KISSINGER UNQUOTE

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